



Financial Assistance Award

DENALI COMMISSION
510 "L" Street, Suite 410
Anchorage, Alaska 99501
(907) 271-1414 (phone)
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www.denali.gov

Authority
112 Stat 1854

CFDA Number
90.100

**Denali Commission Finance
Officer Certification**

W. M. ...

Project Number

0129-DC-2004-I16

Project Title

Upper Lynn Canal Power Supply
System

Performance Period

12/01/2003 through 12/31/2006

Authorizing Resolution

04-01

Recipient Organization & Address

Alaska Power Company
P.O. Box 3222
Port Townsend, WA 98368-0922

Ph. 1 (800) 982-0136

Fax. (360) 385-5177

Recipient DUNS # 00-283-6666

TIN # 92-0028045

Cost Share Distribution Table

Accounting Code	Denali Commission	Other Contributors	Total
FY 04 Base	\$2,000,000		\$2,000,000
US DOE grant		\$4,800,000	\$4,800,000
local area funds		\$1,000,000	\$1,000,000
			\$0
			\$0
Total	\$2,000,000	\$5,800,000	\$7,800,000

This Financial Assistance Award approved by the Federal Co-Chair of the Denali Commission is issued in triplicate and constitutes an obligation of federal funding. By signing the three documents, the Recipient agrees to comply with the Award provisions indicated below and attached. Upon acceptance by the Recipient, two signed Award documents shall be returned to the Federal Co-Chair of the Denali Commission and the Recipient shall retain the third document. If not signed and returned without modification by the Recipient within 30 days of receipt, the Federal Co-Chair may unilaterally terminate this Award.

- ☒ Special Award Conditions and Attachments
☐ Line Item Budget
☒ OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations
(<http://www.whitehouse.gov/omb/circulars/a133/a133.html>)

Administrative Requirements (check one)

- ☐ OMB Circular A-102, Grants and Cooperative Agreements with State and Local Governments
(<http://www.whitehouse.gov/omb/circulars/a102/a102.html>)
☒ OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit, and Commercial Organizations
(<http://www.whitehouse.gov/omb/circulars/a110/a110.html>)

Cost Principles (check one)

- ☐ OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments
(www.whitehouse.gov/omb/circulars/a087/a087-all.html)
☐ OMB Circular A-122, Cost Principles for Nonprofit Organizations
(www.whitehouse.gov/omb/circulars/a122/a122.html)
☐ OMB Circular A-21, Cost Principles for Educational Institutions
(<http://www.whitehouse.gov/omb/circulars/a021/a021.html>)
☒ 48 CFR 31.2, Contracts with Commercial Organizations

Signature of Authorized Official - Denali Commission

Jeffrey B. Staser

Typed Name and Title

Jeffrey B. Staser, Federal Co-Chair

Date

05-14-2004

Signature of Authorized Official - Alaska Power Company

Robert S. Grimm

Typed Name and Title

Robert S. Grimm, President

Date

5-17-2004

ASSURANCES - CONSTRUCTION PROGRAMS

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0042), Washington, DC 20503.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

NOTE: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the Awarding Agency. Further, certain Federal assistance awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project costs) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the assistance; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will not dispose of, modify the use of, or change the terms of the real property title, or other interest in the site and facilities without permission and instructions from the awarding agency. Will record the Federal interest in the title of real property in accordance with awarding agency directives and will include a covenant in the title of real property acquired in whole or in part with Federal assistance funds to assure non-discrimination during the useful life of the project.
4. Will comply with the requirements of the assistance awarding agency with regard to the drafting, review and approval of construction plans and specifications.
5. Will provide and maintain competent and adequate engineering supervision at the construction site to ensure that the complete work conforms with the approved plans and specifications and will furnish progress reports and such other information as may be required by the assistance awarding agency or State.
6. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
7. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
8. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
9. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
10. Will comply with all Federal statutes relating to non-discrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681 1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee 3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and, (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.

11. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal and federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
12. Will comply with the provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.
13. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333) regarding labor standards for federally-assisted construction subagreements.
14. Will comply with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
15. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the

National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).

16. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
17. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).
18. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
19. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL



TITLE

Robert S. Grimm, President

APPLICANT ORGANIZATION

Alaska Power Company

DATE SUBMITTED

5-17-2004

***Award Conditions to the Financial Assistance Award
Between the Denali Commission and
Alaska Power Company (APC)
For: Construction of Upper Lynn Canal Power Supply Project
Project No. 0129-DC-2004-I16***

1. Scope of Work

Background:

The Upper Lynn Canal Power Supply System is a regional project and is envisioned to connect Skagway, Haines, Klukwan and the Upper Chilkat system. Once complete the system will supply power from US Border to US Border. Selling \$23 million in tax-exempt bond using conduit financing through Alaska Industrial Development and Export Authority initially financed the system. The first step of the system was to develop the Goat Lake Hydroelectric Project to provide renewable energy. The next step was to electrically intertie the major load centers of Skagway Haines using a 35KV submarine cable about 16 miles long. The third step is the development of the 3 MW Kasidaya Hydroelectric Project this project is needed to increase the hydroelectric capacity of the system. Currently, three hydro projects (Goat Lake, Dewey Lakes, & Lutak) provide the majority of the energy for the system. These projects are operating at capacity requiring the development of the Kasidaya project. The final step is to extend service to the unserved residents of the Lutak area and close the 5-mile gap and connect the Upper Lynn Canal System to the electrical system operated by Inside Passage Cooperative.

This award will be used to complete the final design, environmental plans (Wildlife Mitigation, Heritage Resource Protection, Recreational Management and Monitoring, Scenery Management and Monitoring, Erosion Control, Solid Waste and Waste Water Plan, Hazardous Substance Plan, Spoil Disposal Plan), Specify and order long lead time items (transformers, reactors, turbine and generator), develop marine access to the area, and initial mobilization for the 3 MW Kasidaya Project.

Historical funding of the system came from three sources. The sale of tax-exempt bonds and local funds totaling \$22,939,415, a USDOE grant \$1 million, Denali Commission fund administered by AEA for unserved customers in Dyea in the amount of \$281,975. The Kasidaya Project is budgeted to cost \$7.8 million. Funding is a \$2 million grant from the Denali Commission, \$4.8 million grant from USDOE and \$1 million in local funding.

All Commission funding is intended for use for the scope of work identified in the Award document only. In the event there is a balance of funding remaining after the full scope of work has been completed, the Denali Commission shall determine how the excess funds will be allocated.

2. Milestones

The following milestones are identified as the major steps to be completed as part of the project. "Planned" dates for the first milestone are included here. As part of each progress report, recipients shall update the progress toward meeting these milestones (see section 7, Reporting).

Milestone	Planned	
	Start Date	End Date
Complete final design of project	1 Jun 2004	30 Nov 2004
Construct Kasidaya	15 Mar 2004	30 Jun 2006

3. Award Performance Period

The Award performance period is December 1, 2003 through December 31, 2006. This is the period during which Award recipients can incur obligations or costs against this Award.

4. Direct and Indirect Costs

The cost principles of 48 CFR 31.2, Contracts with Commercial Organizations are applicable to this Award. Indirect costs up to 20% are allowable under this Award and are included in the amount of the award. Please refer to the cost principles regulations for specific details on other allowable charges under this Award.

5. Budget and Program Revisions

The Administrative Circular OMB Circular A-110 applies to this Award. Please refer to the Administrative Circular for specific details on revisions to this Award. The Administrative Circular requires that APC will inform the Commission in writing (e-mail, letter, or report) at the earliest possible date of any unanticipated project cost overrun, project schedule delays, or changes in the project scope or changed site conditions.

6. Payments

Payments under this Award will be made through the U.S. Department of Treasury's Automated Standard Application for Payment (ASAP) system. The ASAP system is the Commission's mechanism for requesting and delivering Federal funds to Award recipients. Your organization must be registered with the ASAP program in order to make draw downs. Please contact the Commission's Program Manager or Finance Manager for further information about registering with the ASAP program. Payments shall be made in accordance with OMB Circular A-110. **No interest will be accrued on these funds.**

7. Reporting

Three forms of project reporting are required under this Award, listed below. APC shall submit reports using the Denali Commission's on-line Project Database System, available at www.denali.gov. If there are technical limitations, which may prevent the recipient from meeting this requirement, please contact the Program Manager listed in this agreement.

- a. **Progress Reports** shall be submitted on a quarterly basis. The first reporting period is May 15, 2004 through September 30, 2004, and each quarter thereafter. Reports are due within 30 days of the end of the reporting period. Progress reports shall include the following:
 - i. Total project funding, including both Denali Commission funding and other project funding sources.
 - ii. The total project expenditures for the project as of the end of the reporting period, including both Denali Commission and Other funding sources.
 - iii. Update schedule and milestone information as identified in the Scope of Work
 - iv. Narrative summary of the project status and accomplishments to date, and address the following questions: is the project on schedule, is the project on budget, and what actions are planned to address any project problems.
 - v. Photographic documentation of project progress shall be provided with the progress reports for active construction projects. The photo documentation shall include a minimum of three, dated photos per reporting period such that a complete record of the construction is maintained over time, from "before," showing the situation before the start of construction, to "during" showing work proceeding on the project, and "after" to show the finished project. Photos shall be provided in a digital format as part of the on-line report. A short description of the activity and names of those in the photos shall also be provided.
- b. **Wage and Residency Reports** shall be submitted using the Denali Commission On-line Project Database. The reporting period is January 1st – December 31st of each year. The Wage and Residency Report shall include the following information by for each construction project
 - i. Total number of Local Residents employed during the year, and their total payroll earnings.
 - ii. Total number of Non-Local Alaska Residents employed during the year, and their total payroll earnings.
 - iii. Total number of Non-Alaska Residents employed during the year, and their total payroll earnings.

- c. **Federal Single Audits** shall be submitted annually, when required. In accordance with OMB Circular A-133, which requires [subpart 200] "Non-Federal entities that expend \$500,000 or more in a year in Federal awards shall have a single or program-specific audit conducted for that year in accordance with the provisions of this part. [subpart 205] The determination of when an award is expended should be based on when the activity related to the award occurs."

Recipients shall also submit single audits to the Federal Clearinghouse designated by OMB. Information can be found on the following web-site:

<http://harvester.census.gov/sac/>

8. *Project Close-Out*

The project close-out shall be completed within 90 days of the end of the Award performance period or within 90 days of the completion of the project, whichever is earlier. Recipients must also draw down any remaining funds for expenditures incurred under this award during this 90-day period.

The Project Close-out report shall be submitted on-line through the Denali Commission's on-line Project Database System, available at www.denali.gov. The project close out will require the recipient to submit the following information:

- a. Final data for each item listed in paragraph 6(a) "Progress Reports"
- b. Final project expenditures itemized by the following categories: planning & design; materials & equipment; freight; labor; project administration/overhead and other expenses.
- c. Acknowledgement of support: For all construction projects, the Award recipient shall display a sign that acknowledges the Government's support for the project(s) developed under this Award. The Commission will provide an appropriate sign. The Award recipient must request an indoor and/or an outdoor sign from the Commission office. Pickup or delivery of the sign can be arranged at that time.

9. *Public Policy Laws and Assurances*

Award Recipients are required to comply with the public policy laws and assurances on Standard Forms SF 424b (non-construction projects) or SF 424d (construction projects). A certifying official of the organization must also sign this form. Some of the laws are highlighted below for your reference.

To the maximum extent practicable, considering applicable laws, Funding Recipients shall accomplish the project contemplated by the Award using local Alaska firms and labor.

No portion of this award may be used for lobbying or propaganda purposes as prohibited by 18 U.S.C. Section 1913 or Section 607(a) of Public Law 96-74.

Project level environmental reviews in accordance with the National Environmental Policy Act (NEPA) and the National Historic Preservation Act (NHPA) are required for each project undertaken with Denali Commission funds. NEPA reviews performed for other funders of this project shall be deemed sufficient for this project award if they are available and applicable to same or greater scope.

10. Non-Compliance with Award Conditions

The Denali Commission will notify recipients not in compliance with the terms and conditions of this Financial Assistance Award. The Denali Commission will work with the recipient to identify the steps necessary to bring them back into compliance, and will establish an appropriate time frame for the corrections to be made. If the corrections have not been made by the deadline, the Denali Commission reserves the right to either suspend or unilaterally terminate the Financial Assistance Award for non-performance.

11. Program Manager, Financial Manager & Other Contact Information

APC project officers are Bob Grimm for purposes of project design and construction and Karl Wood for purposes of financial management. The Commission project officers are Ms. Kathleen Prentki. for purposes of project management and Ms. Michelle O'Leary for purposes of financial management.

Denali Commission	Alaska Power Company.
Ms. Kathleen Prentki 510 "L" Street, Suite 410 Anchorage, AK 99501 Voice – (907) 271-1414 Fax – (907) 271-1415 e-mail: kprentki@denali.gov	Robert S. Grimm, President 193 Otto Street, P.O. Box 3222 Port Townsend, WA. 98368 Voice- 800-982-0136 x120 Fax- 360-385-7538 Email: bob.g@APCalaska.com
Ms. Michelle O'Leary 510 "L" Street, Suite 410 Anchorage, AK 99501 Voice – (907) 271-1767 Fax – (907) 271-1415 e-mail: moleary@denali.gov	Karl Wood, Senior Accountant 193 Otto Street, P.O. Box 3222 Port Townsend, WA. 98368 Voice- 800-982-0136 x 128 Fax- 360-385-7538 Email: karl.w@APCalaska.com